

RAPID7

May 4, 2022

Company Overview

Disclaimers

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical facts, including, without limitation, statements regarding our market opportunity, demand for our product and service offerings, expectations regarding our annualized recurring revenue (ARR) and growth, ARR opportunity for an average-sized customer, ARR growth per customer, revenue growth, non-GAAP operating margin expansion, free cash flow, and our other non-GAAP measures, our business strategy, plans and objectives for future operations and expectations regarding non-GAAP targets, our future financial and business performance for the second quarter and full-year 2022, the assumptions underlying such guidance and the anticipated impact of COVID-19 on our guidance, business, financial condition and results of operations, are forward-looking statements. Our use of the words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “will” and similar expressions are intended to identify forward-looking statements. The events described in our forward-looking statements are subject to a number of risks and uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Risks that could cause or contribute to such differences include, but are not limited to, risks arising from the ongoing COVID-19 pandemic, fluctuations in our quarterly results, failure to meet our publicly announced guidance or other expectations about our business, our rapid growth and ability to sustain our revenue growth rate, the ability of our products and professional services to correctly detect vulnerabilities, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to integrate acquired companies, including IntSights, our ability to operate in compliance with applicable laws as well as other risks and uncertainties set forth in the “Risk Factors” section of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2022 and in the subsequent reports that we file with the Securities and Exchange Commission. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed in any forward-looking statements we may make. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

This presentation also contains certain non-GAAP financial measures as defined by the SEC rules. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. Please refer to our May 4, 2022 press release for additional information as to why we believe these non-GAAP financial measures are useful to investors and others in assessing our operating results. As required by Regulation G, we have provided a reconciliation of those measures to their most directly comparable GAAP measures, which is available in the end notes to this presentation. However, the reconciliation of non-GAAP guidance measures to the most comparable GAAP measures does not reflect any items that are unknown at this time, such as litigation-related expenses, which we are not able to predict without unreasonable effort due to their inherent uncertainty.

Rapid7 Snapshot

Strong Recurring Revenue Growth

ARR growth of

38%

YoY¹

High Quality of Revenue

Recurring revenue

94%

of total revenue¹

Attractive Customer Economics

18%

YoY growth in ARR per customer¹

Investing in Profitable Growth

Expansion of Non-GAAP Operating Margin and Free Cash Flow Projected in 2022²

Attractive Prospects

Projected ARR growth of **24%** in 2022² Projected Revenue growth of **28%** in 2022²

¹ As of Q1 2022

² Based on FY 2022 guidance provided as of May 4, 2022. Growth rates are at the mid-point of the guidance range.

Managing Risk and Enabling Innovation

Data keeps our connected society functioning.

Accelerated change makes it tougher to stay ahead of risks.



Organizations need best-in-class security that is both
sophisticated and accessible.

Delivering on Our Mission

**Make the most successful
security technologies and
practices accessible to all.**

Best-in-Class Technology

Unite teams and tools with award-winning cloud products delivering visibility, analytics, and automation.



Unified Cloud Platform

Enrich customer experiences with broad environment visibility, seamless integrations and ease of scaling.



Expertise & Community

Deliver leading products and expertise built on insights from our experienced security researchers and the security community.

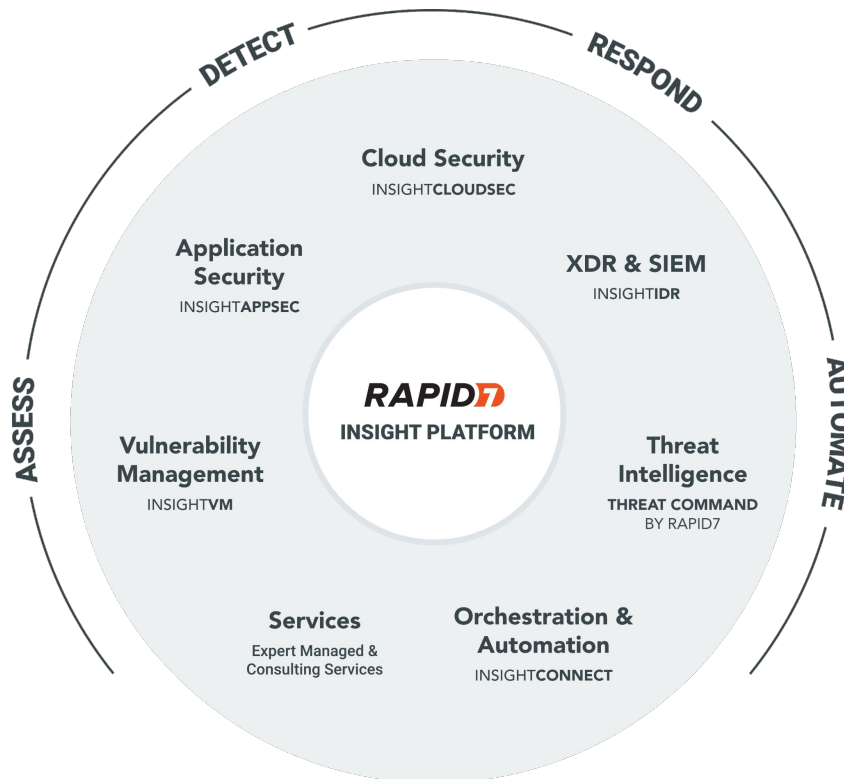


Rapid7 Insight Platform

United teams work smarter, not harder.

Our cloud platform helps Security, IT, and Development teams reduce risk across their entire connected environment.

Unified access centrally manages vulnerabilities, monitors for misconfigurations and malicious behavior, investigates and shuts down attacks, or automates operations.



Landing and Expanding Across Multiple Pillars



**Threat Detection
& Response**



**Cloud
Security**



**Vulnerability Risk
Management**

Threat Intelligence

Intelligent Automation

Shared *RAPID7* Insight Engine

Collection, Data, Analytics Services

Accessibility to Insight via Tailored SecOps Pillars

 **Threat Detection & Response**

 **Cloud Security**

 **Vulnerability Risk Management**

Shared **RAPID7** Insight Engine

Automation

Orchestration

Workflow

Action

Analytics

User Behavior

Attacker Behavior

Vulnerability Prioritization

Policy Compliance

Identity Governance

Remediation

Data

Searchable

Unstructured & Structured

Long Term Archival

High Volume

Integrations

Collection

Cloud

Endpoint

Logs

Network

Apps

API

Best-in-Class Threat Detection & Response



Broad Visibility Across Cloud and On-premise



Detection-oriented Analytics



Automated Containment & Response

Automation

Custom Escalation Workflows

Analytics

UBA

ABA

ML

Data

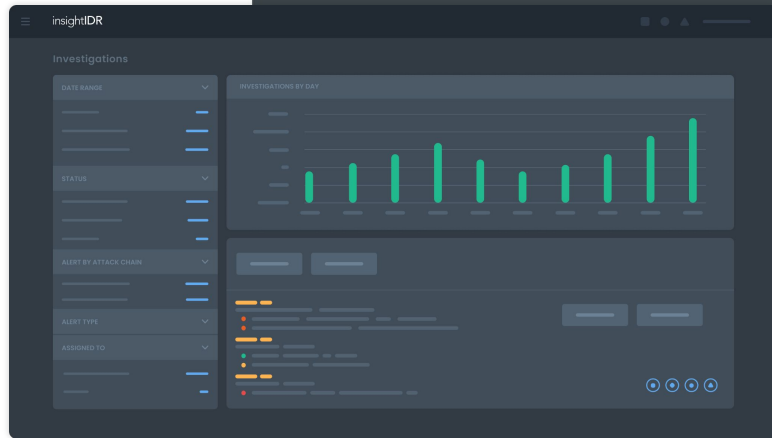
Integrations

Collection

Cloud

Endpoint

Network



Best-in-Class Cloud Security



Multi-cloud Risk Visibility & Analytics



Extensible & Customizable to Connect Security and DevOps Teams



Real-time Automated Remediation

Automation

Native & Integrated

Analytics

CIEM

CWPP

CSPM

Data

AWS

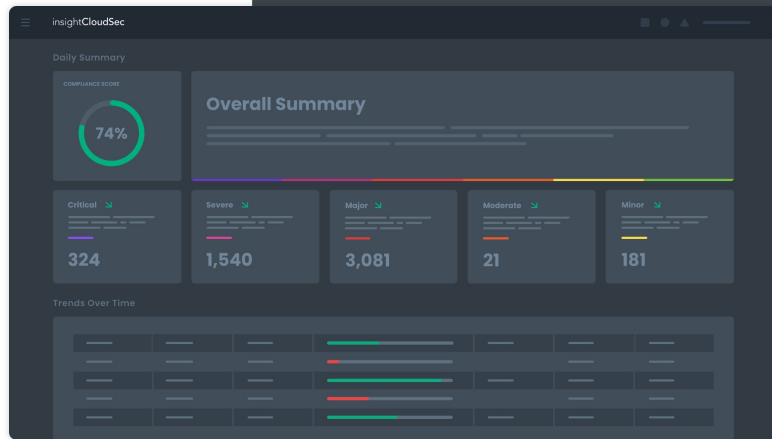
Azure

GCP

OCI

Collection

Cloud



Best-in-Class Vulnerability Risk Management



Broad Visibility Across Traditional and Modern Environments



Prioritize Risk with Advanced Analytics



Automation-assisted Remediation

Automation

Custom Processes

Workflows

Analytics

Attacker Behavior

Vulnerability Prioritization

Data

Searchable

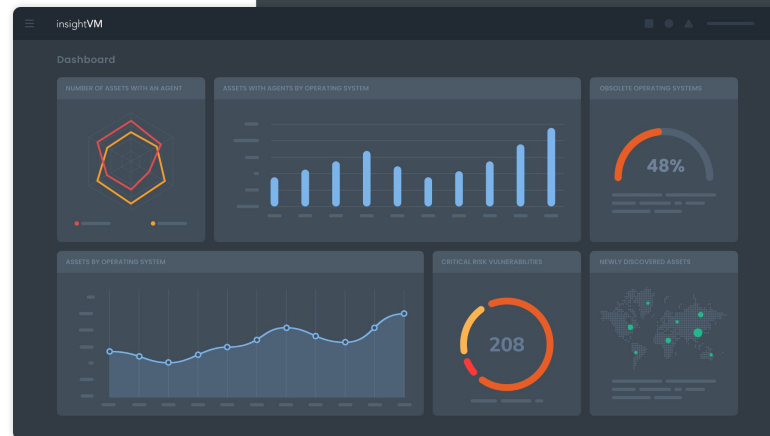
Integrations

Collection

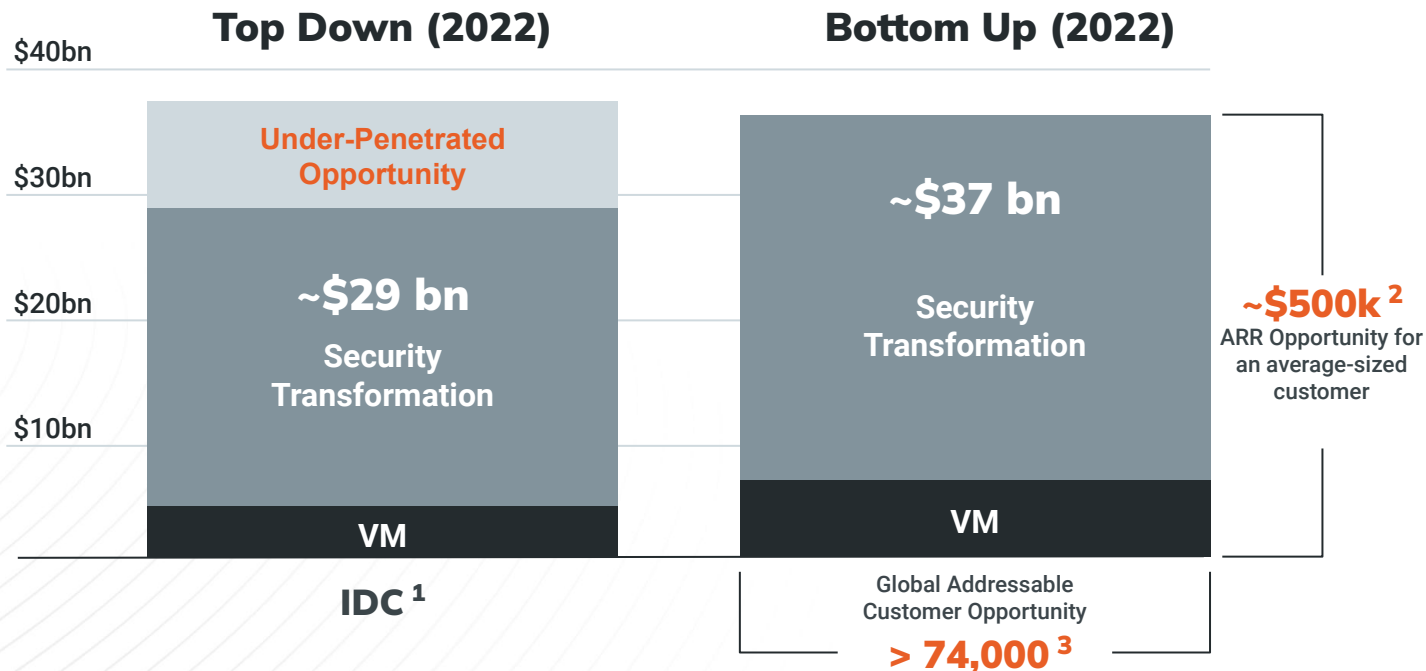
Cloud

Endpoint

Network



Massive Market Opportunity



¹ Based on IDC Forecasts (WW Device Vulnerability Management 2019-2026, WW Cybersecurity AIRO 2018-2025, WW Security as a Service 2021-2025, WW Cloud Workload Security 2019-2025, WW Threat Intelligence Security Services 2018-2023)

² The future financial results presented are hypothetical amounts for achievement of certain scenarios and are not projections, guidance or an outlook for Rapid7's future financial results

³ Based on Dun & Bradstreet Hoovers global business data

Extensive Partner Ecosystem



Rapid7 Global Threat Intelligence Community

Security expertise infused into everything we do



Insight Customers

10k+ Global Customers



Service Engagements

Field Insights from Leading Global MDR and Services Organization



Metasploit

Industry Leading Penetration Testing Tool



Attacker KB

Vulnerability Database & Community



Project Heisenberg

Global Honeypot Network



Project Sonar

Global Internet Scanning



Velociraptor

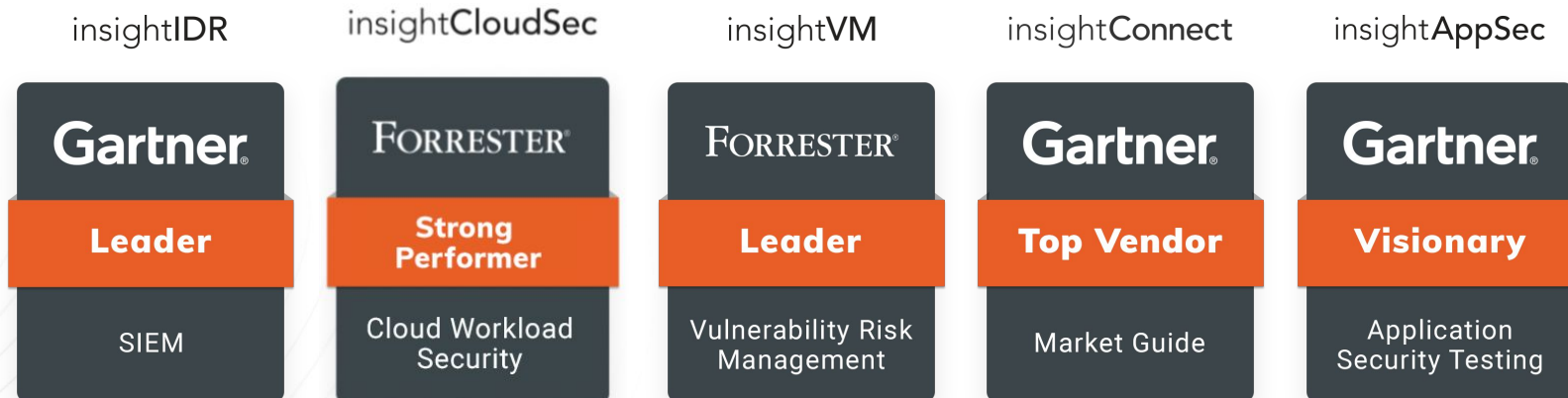
Digital Forensics & Incident Response



Threat Command

Attack Surface Expertise

Rapid7 Leadership Among Analysts



Rapid7 for Social Good Beyond ESG

Rapid7 Core Values

Bring You

Thrive by celebrating individuality and diverse perspectives

Be an Advocate

Relentlessly champion our customers to propel the security industry forward

Challenge Convention

Forge new paths with foresight, discipline, and determination

Impact Together

Actively support, collaborate with, and learn from each other

Never Done

Pursue personal and professional excellence through continuous learning

Diversity, Equity, & Inclusion

Leverage diverse hiring practices and data-driven focus to advance a diverse workforce, inclusive culture, and equitable pay. Recognized in Bloomberg Gender Equality Index 2019, 2020, 2021, 2022.

Environment & Climate Change

Focus on reducing environmental impact by minimizing greenhouse gas emissions, reducing & responsibly disposing of waste, and creating more sustainable workplaces.

Corporate Governance

High ethical standards for governance set by the board of directors.

Community Engagement & Social Impact

Giving back to our communities through partnerships with STEM and inclusion-focused programs, charitable giving, and employee volunteerism.

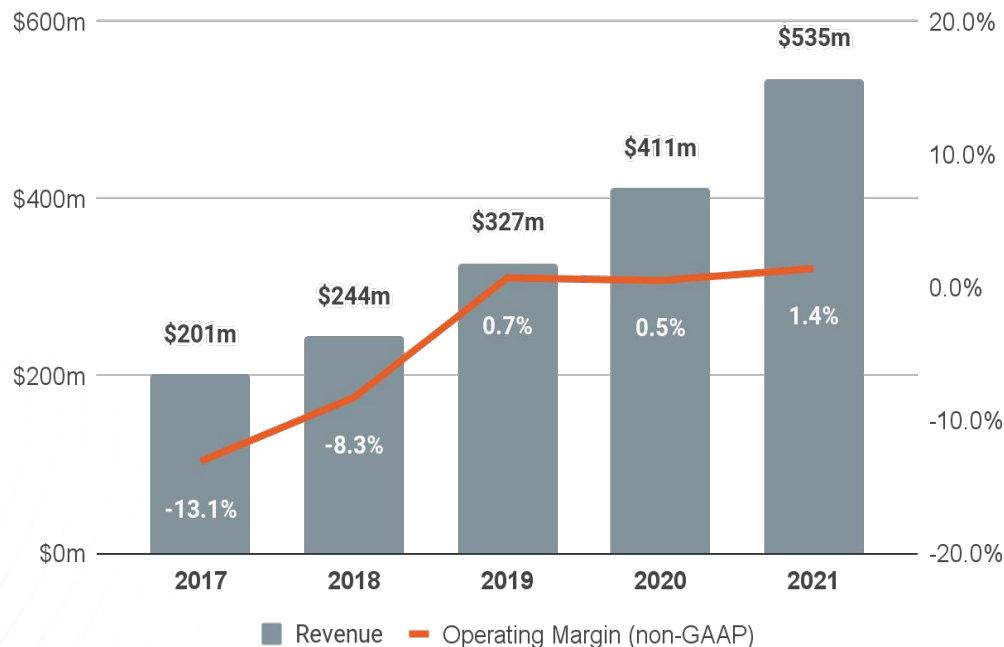
Non-Profit Support

Offering solution discounts to eligible Non-profits so they can focus more of their resources pursuing the good they do in the world.

Financial Overview

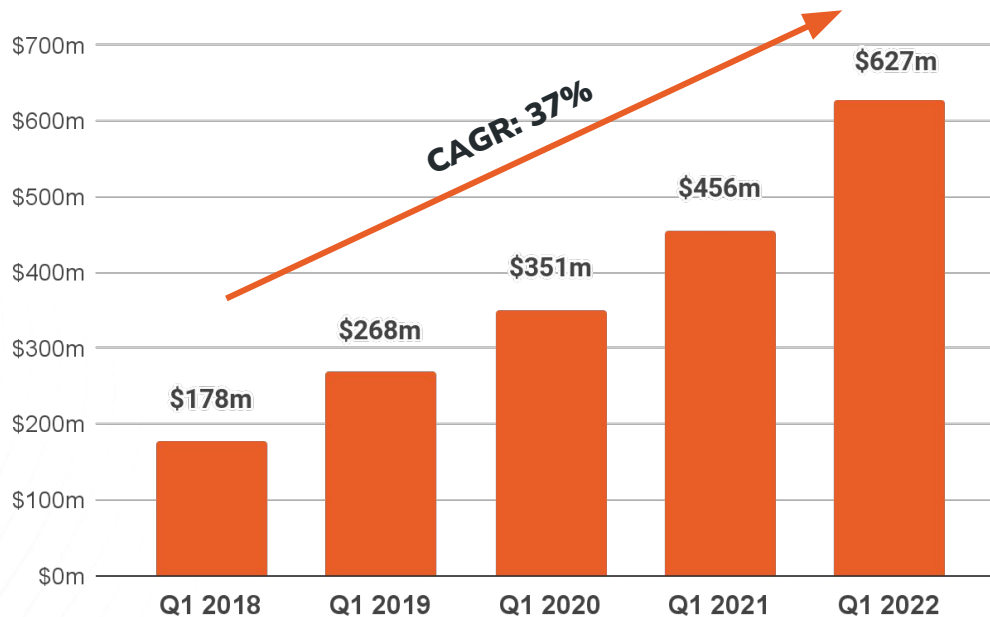
Sustained Revenue Growth

- Q1 2022 revenue growth of **34%** year-over-year
- Revenue CAGR (2017-2021): **28%**
- Non-GAAP operating margin improvement over time



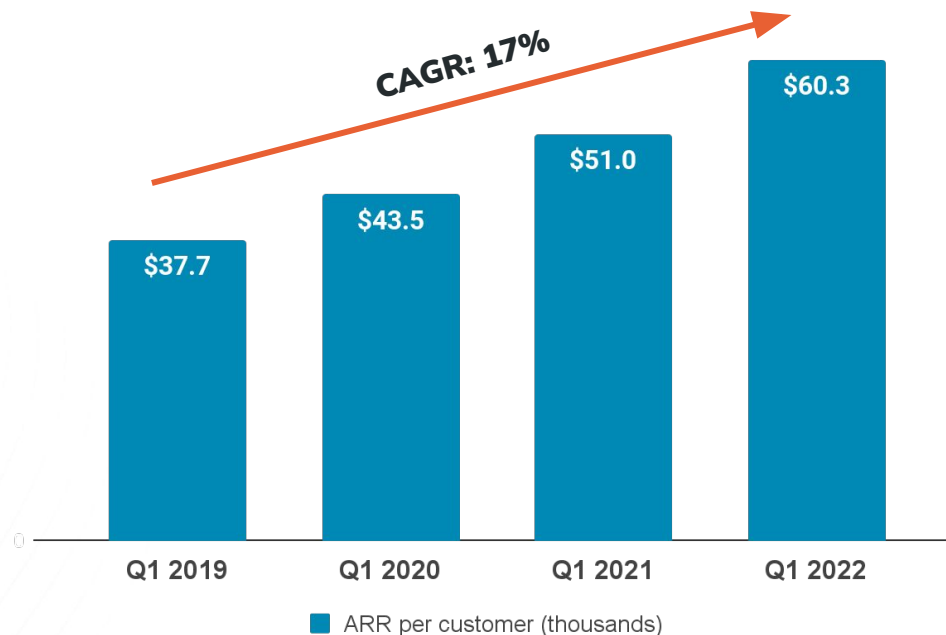
Annualized Recurring Revenue

- ARR grew by **38%** year-over-year in Q1 2022
- ARR CAGR of **37%** from Q1 2018 to Q1 2022



Upsells & Cross-Sells Drive ARR per Customer Growth

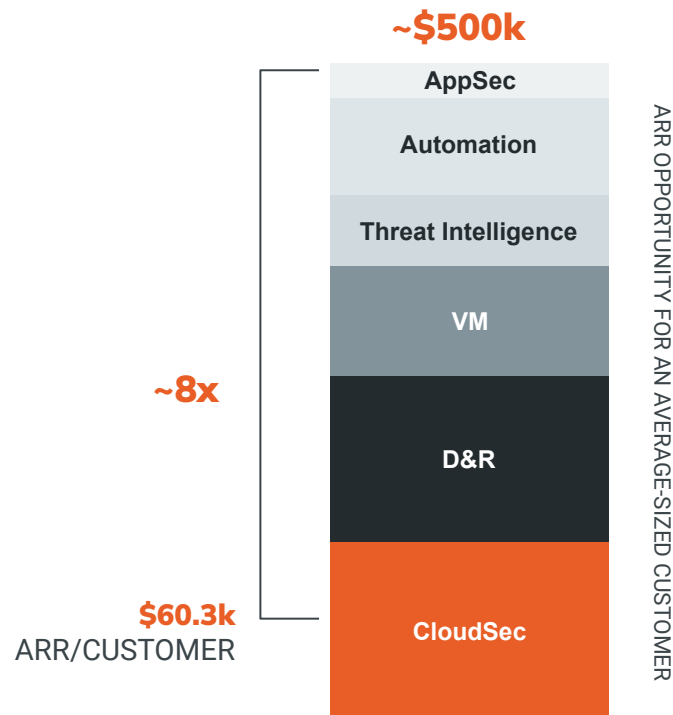
- ARR per customer was approximately **\$60.3k** in Q1 2022
- ARR per customer CAGR of **17%** from Q1 2019 to Q1 2022



ARR per customer is based on the new customer count methodology provided at Rapid7's 2021 Investor Day on March 10, 2021.

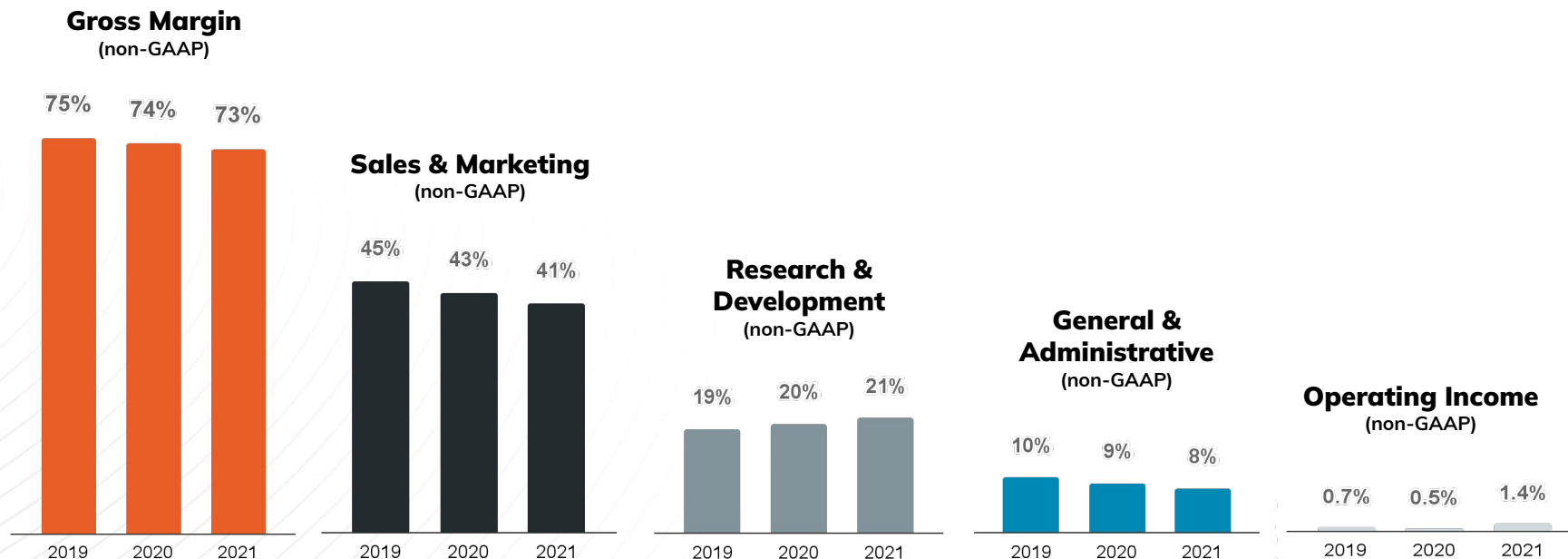
Significant Long-Term ARR Per Customer Opportunity

- Our recurring revenue potential for an average-sized customer is **\$500k** per year
- ARR per customer was approximately **\$60.3k** in Q1 2022



Focused on Long-term Profitability Improvement

Expenses and Operating Income as % of Revenue (non-GAAP)



Powerful Land and Expand Model

Compelling Track Record of Customer Acquisition, Retention and Expansion



¹As of Q1 2022

Guidance: Q2 2022 and Full-Year 2022

Rapid7 anticipates Annualized Recurring Revenue, Revenue, Non-GAAP (loss) income from operations, non-GAAP net (loss) income per share and free cash flow to be in the following ranges:

	Q2 2022	Full Year 2022
Annualized Recurring Revenue		\$740 to \$750m
Annualized Recurring Revenue Growth		24% to 25%
Revenue	\$163 to \$165m	\$686 to \$692m
Revenue Growth	29% to 31%	28% to 29%
Non-GAAP (Loss) Income From Operations ¹	\$0 to \$2m	\$17 to \$24m
Non-GAAP Net (Loss) Income Per Share ¹	\$(0.07) to \$(0.03)	\$0.05 to \$0.16
Weighted-average Shares Outstanding	58.8 m*	60.9 m*
Free Cash Flow		\$40 to \$45m

See End Notes for additional information and definitions

^{*} Weighted average shares outstanding for Q2 2022 represent basic shares outstanding given our projected non-GAAP net loss and diluted shares outstanding for the full-year 2022 given our projected range of non-GAAP net income

¹ A reconciliation of non-GAAP guidance measures to the most comparable GAAP measures is provided in the supplemental financial tables. The reconciliation does not reflect any items that are unknown at this time, such as litigation-related expenses, which we are not able to predict without unreasonable effort due to their inherent uncertainty.

Supplemental

GAAP to Non-GAAP Reconciliations: Q1 2022

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Litigation-related expenses	Amortization of debt discount and issuance costs	Non-GAAP	Depreciation expense	Amortization of intangible assets	Adjusted EBITDA
Revenue:									
Products	\$ 149,025	\$ -	\$ -	\$ -	\$ -	\$ 149,025	\$ -	\$ -	\$ 149,025
Professional services	8,359	-	-	-	-	8,359	-	-	8,359
Total revenue	157,384	-	-	-	-	157,384	-	-	157,384
Cost of revenue:									
Products	\$ 43,472	\$ 1,495	\$ 4,844	\$ -	\$ -	\$ 37,133	\$ 439	\$ 1,143	\$ 35,551
Professional services	7,817	595	-	-	-	7,222	169	-	7,053
Total cost of revenue	51,289	2,090	4,844	-	-	44,355	608	1,143	42,604
Gross margin %	67%					72%			
Research and development	49,812	13,024	-	-	-	36,788	993	-	35,795
Sales and marketing	75,146	6,774	684	-	-	67,688	1,250	-	66,438
General and administrative	21,516	7,034	195	115	-	14,172	452	-	13,720
Loss from operations	\$ (40,379)	\$ (28,922)	\$ (5,723)	\$ (115)	\$ -	\$ (5,619)	\$ (3,303)	\$ (1,143)	\$ (1,173)
Interest income	112	-	-	-	-	112	-	-	-
Interest expense	(2,693)	-	-	-	(979)	(1,714)	-	-	-
Other income (expense), net	(603)	-	-	-	-	(603)	-	-	-
Loss before income taxes	(43,563)	(28,922)	(5,723)	(115)	(979)	(7,824)	-	-	-
Provision for income taxes	1,436	-	-	-	-	1,436	-	-	-
Net loss	\$ (44,999)	\$ (28,922)	\$ (5,723)	\$ (115)	\$ (979)	\$ (9,260)	-	-	-
Net loss per share, basic and diluted	\$ (0.78)					\$ (0.16)			
Weighted-average shares used in per share calculation, basic and diluted	57,724,821					57,724,821			

(Unaudited, in thousands, except share and per share data)

GAAP to Non-GAAP Reconciliations: Q1 2021

	GAAP	Stock-based compensation expense	Amortization of acquired intangible assets	Litigation-related expenses	Amortization of debt issuance costs	Induced conversion expense	Non-GAAP	Depreciation expense	Amortization of intangible assets	Adjusted EBITDA
Revenue:										
Products	\$ 109,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,285	\$ -	\$ -	\$ 109,285
Professional services	8,166	-	-	-	-	-	8,166	-	-	8,166
Total revenue	117,451	-	-	-	-	-	117,451	-	-	117,451
Cost of revenue:										
Products	\$ 29,650	\$ 1,018	\$ 2,741	\$ -	\$ -	\$ -	\$ 25,891	\$ 374	\$ 857	\$ (2,299)
Professional services	6,639	536	-	-	-	-	6,103	179	-	(1,241)
Total cost of revenue	36,289	1,554	2,741	-	-	-	31,994	553	857	(3,540)
Gross margin %	69%						73%			
Research and development	33,080	7,815	-	-	-	-	25,265	858	-	24,407
Sales and marketing	54,978	5,746	103	-	-	-	49,007	1,166	-	47,841
General and administrative	16,220	5,747	45	103	-	-	9,279	417	-	8,862
(Loss) Income from operations	\$ (23,116)	\$ (20,862)	\$ (2,889)	\$ (103)	\$ -	\$ -	\$ 1,906	\$ (2,994)	\$ (857)	\$ 5,757
Interest income	96	-	-	-	-	-	96	-	-	-
Interest expense	(5,394)	-	-	-	(658)	(2,740)	(1,996)	-	-	-
Other income (expense), net	(1,068)	-	-	-	-	-	(1,068)	-	-	-
Loss before income taxes	(29,482)	(20,862)	(2,889)	(103)	(658)	(2,740)	(1,062)	-	-	-
Provision for income taxes	363	-	-	-	-	-	363	-	-	-
Net loss	\$ (29,845)	\$ (20,862)	\$ (2,889)	\$ (103)	\$ (658)	\$ (2,740)	\$ (1,425)	-	-	-
Net loss per share, basic and diluted	\$ (0.57)						\$ (0.03)			
Weighted-average shares used in per share calculation, basic and diluted	52,017,473						52,017,473			

(Unaudited, in thousands, except share and per share data)

GAAP to Non-GAAP Guidance Reconciliations: Q2 & Full-Year 2022

	Second Quarter 2022		Full-Year 2022	
Reconciliation of GAAP to non-GAAP income from operations:				
Anticipated GAAP loss from operations	\$ (39)	to \$ (37)	\$ (136)	to \$ (129)
Add: Anticipated stock-based compensation expense	33	to 33	131	to 131
Add: Anticipated amortization of acquired intangible assets	6	to 6	22	to 22
Anticipated non-GAAP income from operations	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 17</u>	<u>\$ 24</u>
Reconciliation of GAAP to non-GAAP net (loss) income:				
Anticipated GAAP net loss	\$ (44)	to \$ (42)	\$ (154)	to \$ (147)
Add: Anticipated stock-based compensation expense	33	to 33	131	to 131
Add: Anticipated amortization of acquired intangible assets	6	to 6	22	to 22
Add: Anticipated amortization of debt issuance costs	1	to 1	4	to 4
Anticipated non-GAAP net (loss) income	<u>\$ (4)</u>	<u>\$ (2)</u>	<u>\$ 3</u>	<u>\$ 10</u>
Anticipated GAAP net loss per share, basic and diluted	\$ (0.75)	\$ (0.71)	\$ (2.61)	\$ (2.50)
Anticipated non-GAAP net (loss) income per share, basic and diluted	\$ (0.07)	\$ (0.03)	\$ 0.05	\$ 0.16
Weighted average shares used in GAAP per share calculation, basic and diluted	58.8		58.9	
Weighted average shares used in non-GAAP per share calculation				
Basic	58.8		58.9	
Diluted	58.8		60.9	

The reconciliation does not reflect any items that are unknown at this time, such as litigation-related expenses, which we are not able to predict without unreasonable effort due to their inherent uncertainty. As a result, the estimates shown for Anticipated GAAP loss from operations, Anticipated GAAP net loss and Anticipated GAAP net loss per share are expected to change.

(All amounts in millions, except per share data)

GAAP to Non-GAAP Guidance Reconciliations: Full Year 2022

	<u>Full-Year 2022</u>	
Reconciliation of net cash provided by operating activities to free cash flow:		
Net cash provided by operating activities	\$ 80	to \$ 85
Purchases of property and equipment	(25)	to (25)
Capitalized internal-use software costs	(15)	to (15)
Free cash flow	<u>\$ 40</u>	<u>\$ 45</u>

End Notes

Annualized Recurring Revenue (ARR)

- Annualized Recurring Revenue (ARR) is defined as the annual value of all recurring revenue related to contracts in place at the end of the period. ARR should be viewed independently of revenue and deferred revenue as ARR is an operating metric and is not intended to be combined with or replace these items. ARR is not a forecast of future revenue and can be impacted by contract start and end dates and renewal rates, and does not include revenue reported as perpetual license or professional services revenue in our consolidated statement of operations.

Recurring Revenue

- Recurring revenue is defined as revenue from the sale of term software licenses, content subscriptions, managed services, cloud-based subscriptions and maintenance and support calculated as % of total revenue.

Customer

- A Customer is defined as any entity that has an active recurring revenue contract as of the specified measurement date, excluding InsightOps and Logentrics only customers with a contract value less than \$2,400 per year.

ARR per Customer

- ARR per Customer is defined as ARR divided by the number of Customers at the end of the period.

Non-GAAP metrics

- Non-GAAP gross margins represent the GAAP gross profit, excluding stock-based compensation expense and amortization of acquired intangible assets calculated as a % of revenue. See GAAP to Non-GAAP reconciliation.
- Operating expenses and operating income margin presented are on a non-GAAP basis and exclude stock-based compensation expense, amortization of acquired intangible assets, and certain other items such as acquisition-related expenses and litigation-related expenses.
- Free cash flow is defined as net cash flow provided by (used in) operations less purchases of property and equipment and capitalization of internal-use software costs.

Guidance

- Guidance for the second quarter and full-year 2022 does not include any potential impact of foreign exchange gains or losses.
- Non-GAAP guidance excludes estimates for stock-based compensation expense, amortization of acquired intangible assets, amortization of debt issuance costs and certain other items. A reconciliation of non-GAAP guidance measures to the most comparable GAAP measures is provided in the financial statement tables included in these End Notes. The reconciliation does not reflect any items that are unknown at this time, such as litigation-related expenses for the second quarter and full-year 2022, which we are not able to predict without unreasonable effort due to their inherent uncertainty.